



6712-01

FEDERAL COMMUNICATIONS COMMISSION

[DA 12-212]

Notice of Debarment

AGENCY: Federal Communications Commission.

ACTION: Notice.

SUMMARY: The Enforcement Bureau (the “Bureau”) debars Mr. Jeremy R. Sheets from the schools and libraries universal service support mechanism (or “E-Rate Program”) for a period of three years. The Bureau takes this action to protect the E-Rate Program from waste, fraud and abuse.

DATES: Debarment commences on the date Mr. Jeremy R. Sheets receives the debarment letter or **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, whichever date comes first, for a period of three years.

FOR FURTHER INFORMATION CONTACT: Joy M. Ragsdale, Federal Communications Commission, Enforcement Bureau, Investigations and Hearings Division, Room 4-A236, 445 12th Street, S.W., Washington, DC 20554. Joy Ragsdale may be contacted by phone at (202) 418-1697 or by e-mail at Joy.Ragsdale@fcc.gov. If Ms. Ragsdale is unavailable, you may contact Ms. Terry Cavanaugh, Acting Chief, Investigations and Hearings Division, by telephone at (202) 418-1420 and by e-mail at Theresa.Cavanaugh@fcc.gov.

SUPPLEMENTARY INFORMATION: The Bureau debarred Mr. Jeremy R. Sheets from the schools and libraries universal service support mechanism for a period of three

years pursuant to 47 CFR 54.8. Attached is the debarment letter, DA 12-212, which was mailed to Mr. Jeremy R. Sheets and released on February 14, 2012. The complete text of the notice of debarment is available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portal II, 445 12th Street, S.W., Room CY-A257, Washington, DC 20554, In addition, the complete text is available on the FCC's Web site at <http://www.fcc.gov>. The text may also be purchased from the Commission's duplicating inspection and copying during regular business hours at the contractor, Best Copy and Printing, Inc., Portal II, 445 12th Street, S.W., Room CY-B420, Washington, DC 20554, telephone (202) 488-5300 or (800) 378-3160, facsimile (202) 488-5563, or via e-mail <http://www.bcpweb.com>.

FEDERAL COMMUNICATIONS COMMISSION.

Theresa Z. Cavanaugh

Acting Chief, Investigations and Hearings Division, Enforcement Bureau

The debarment letter follows:

February 14, 2012

DA 12-212

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

AND E-MAIL

Mr. Jeremy R. Sheets

c/o Mr. Martin E. Crandall

Clark Hill PLC

500 Woodward Ave., Suite 3500

Detroit, MI 48226-3435

Re: Notice of Debarment

File No. EB-11-IH-1122

Dear Mr. Sheets:

The Federal Communications Commission (Commission) hereby notifies you that, pursuant to Section 54.8 of its rules, you are prohibited from participating in the schools and libraries universal service support mechanism (E-Rate program) for three years from either

the date of your receipt of this Notice of Debarment, or of its publication in the Federal Register, whichever is earlier in time (Debarment Date).¹

On October 18, 2011, the Commission's Enforcement Bureau (Bureau) sent you a Notice of Suspension and Initiation of Debarment Proceeding (Notice of Suspension)² that was published in the Federal Register on November 7, 2011.³ The Notice of Suspension suspended you from participating in activities associated with or relating to the E-Rate program and described the basis for initiating debarment proceedings against you, the applicable debarment procedures, and the effect of debarment.

As discussed in the Notice of Suspension, as president and co-owner of CMS Internet LLC (CMS), you devised and participated in a scheme to defraud the E-Rate program, which resulted in a loss to the program of up to \$70,000.⁴ Specifically, you made materially false representations that induced two school districts to steer E-rate contracts to CMS; and you paid the school applicants' share of E-Rate expenses with purported "donations" and "leasing payments."⁵ Furthermore, you failed to disclose that you purchased ineligible goods and services with E-Rate funds.⁶ Finally, you obstructed a 2007 federal grand jury investigation by instructing a CMS employee to testify falsely about receiving gifts and to destroy

¹ 47 CFR 54.8(g) (2010). *See also* 47 CFR 0.111 (delegating authority to the Enforcement Bureau to resolve universal service suspension and debarment proceedings).

² Letter from Theresa Z. Cavanaugh, Acting Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, to Jeremy R. Sheets, Notice of Suspension and Initiation of Debarment Proceeding, DA 11-1733, 26 FCC Rcd 14408 (Inv. & Hearings Div., Enf. Bur. 2011) (Attachment 1).

³ 76 Fed. Reg. 68760 (Nov. 7, 2011).

⁴ Notice of Suspension, 26 FCC Rcd at 14409.

⁵ *Id.*

⁶ *Id.*

computer records.⁷ As a result of your conviction for wire fraud, the United States District Court for the Western District of Michigan sentenced you to serve 15 months in federal prison, followed by two years of supervised release for defrauding the E-Rate program.⁸ The court also prohibited you from “having any involvement with any government-backed or federally-regulated programs during the course of supervision.”⁹ The court ordered you to pay a \$12,000 criminal fine in addition to paying Universal Service Administration Company (USAC) \$115,534 in restitution.¹⁰ Pursuant to Section 54.8(c) of the Commission’s rules, your conviction of criminal conduct in connection with the E-Rate program serves as a basis for your debarment.¹¹

In accordance with the Commission’s debarment rules, you were required to file with the Commission any opposition to your suspension or its scope, or to your proposed debarment or its scope, no later than 30 calendar days from either the date of your receipt of the Notice of Suspension or of its publication in the Federal Register, whichever date occurred first.¹² The Commission did not receive any such opposition.

⁷ *Id.*

⁸ *See United States v. Jeremy R. Sheets*, Criminal Case No. 1:10-cr-380, Judgment (W.D. Mi. 2011).

⁹ *Id.* A condition of your supervised release includes forfeiting all monetary claims pending under contract with other E-Rate school applicants. Telephone Conversation with Jason Turner, Lead Counsel, Dep’t of Justice, Antitrust Division (Aug. 10, 2011).

¹⁰ *Supra* note 5.

¹¹ 47 CFR 54.8(c).

¹² *Id.* § 54.8 (e)(3), (4). Any opposition had to be filed no later than November 17, 2011.

For the foregoing reasons, you are debarred from participating in the E-Rate program for three years from the Debarment Date.¹³ During this debarment period, you are excluded from participating in any activities associated with or related to the E-Rate program, including the receipt of funds or discounted services through the E-Rate program, or consulting with, assisting, or advising applicants or service providers regarding the E-Rate program.¹⁴

Sincerely,

Theresa Z. Cavanaugh

Acting Chief

Investigations and Hearings Division

Enforcement Bureau

cc: Johnnay Schrieber, Universal Service Administrative Company (via e-mail)

Rashann Duvall, Universal Service Administrative Company (via e-mail)

Jason C. Turner, Antitrust Division, United States Department of Justice (via email)

Jennifer M. Dixon, Antitrust Division, United States Department of Justice (via email)

¹³ *Id.* § 54.8(e)(5), (g).

¹⁴ 47 CFR § 54.8(a)(1), (5), (d).

Meagan D. Johnson, Antitrust Division, United States Department of Justice (via email)

[FR Doc. 2012-5409 Filed 03/05/2012 at 8:45 am; Publication Date: 03/06/2012]